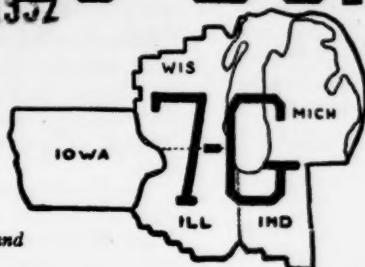


PROPERTY OF BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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Volume 15, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

August 31, 1932

General Summary

THE manufacture and merchandising of commodities in the Seventh district showed greater-than-seasonal declines in July, and employment and payrolls experienced a further reduction. Credit conditions, however, recorded a slight improvement.

Among the industries to curtail their output during July were iron and steel, automobiles, casting foundries, stoves, shoes, leather, and building construction. Furniture shipments were slightly less than a month previous, but orders booked expanded seasonally. Movement of building materials was slower than usual for the month.

Meat, butter, and cheese production declined in July, although sales of packing-house products and distribution of cheese expanded during the period. The July movement of wheat was small and showed less than a seasonal gain over June, while that of corn increased contrary to trend but was in smaller than usual volume for July. Following deterioration suffered in July and early August because of hot weather, the corn crop again is in good condition. Pastures and garden truck have also improved in recent weeks.

Merchandising groups reporting to this bank experienced heavier than usual recessions in sales during July, although the one less trading day than a month previous was partly responsible for the extent of the declines. These groups include the wholesale grocery, drug, hardware, dry goods, shoe, and electrical supply trades, department stores, and the retail shoe, furniture, and chain store trades. The distribution of automobiles, both at wholesale and retail, likewise fell off in July.

The position of reporting member banks in the district improved somewhat between July 13 and August 17, com-

mercial loans showing a smaller decline than in the preceding period and investments recording little change. A relatively moderate decline took place in deposit liabilities of reporting banks, in contrast to heavy losses between the middle of June and July. Borrowings at the Federal Reserve bank declined during the period, owing largely to a decrease in the demand for currency and an excess of local Treasury expenditures over receipts. Some expansion was shown in July in commercial paper sales and financing by means of acceptances. The demand for bonds in the Chicago market improved considerably over June.

Credit Conditions and Money Rates

An excess of local Treasury expenditures over receipts of more than 28 millions and a decrease in demand for currency of 14 million dollars, during the period July 13 to August 17, were the principal factors making for lessened member bank recourse to the Reserve bank. Other factors involved in the decrease in member bank borrowing were an increase in holdings of U. S. securities by the Reserve bank (local transactions) of 2½ million dollars and a decrease of slightly less than one million dollars in non-member clearing balances. Chief among factors offsetting this decrease were a gain in member bank reserve balances of approximately 24 millions and 15½ millions in funds lost through inter-district settlements for commercial and financial transactions. The sum of these two changes, however, together with four others of smaller amounts, was less than those making for decreased borrowing, so that loans to member banks were smaller by almost 4½ million dollars on August 17 than on July 13. The accompanying tabulation presents in detail the analysis of factors influencing the volume of member bank

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	AUG. 17 1932	CHANGE FROM JULY 13	
		1932	AUG. 1931
Total Bills and Securities.....	\$312.3	\$-2.0	\$+182.1
Bills Discounted.....	32.7	-4.4	+17.7
Bills Bought.....	4.8	-2.6	-15.0
U. S. Government Securities.....	274.8	+5.1	+179.5
Total Reserves.....	741.7	+27.0	+73.4
Total Deposits.....	301.8	+24.6	-48.1
Federal Reserve Notes in Circulation.....	718.1	-2.2	+308.1
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	72.7	+1.1*	-15.2*

*Number of Points.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	AUG. 17 1932	CHANGE FROM JULY 13	
		1932	AUG. 1931
Total Loans and Investments.....	\$2,303	\$-26	\$-798
Loans on Securities.....	750	-25	-307
All Other Loans.....	881	-1	-245
Investments.....	672	0	-246
Net Demand Deposits.....	1,194	-13	-561
Time Deposits.....	910	-14	-312
Borrowings from Federal Reserve Bank.....	8	-4	+5

recourse to the Reserve bank.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between July 13 and August 17, 1932
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts	28.26
2. Decrease in demand for currency	14.23
3. Increase in holdings of U. S. securities by Reserve bank (local transactions)	2.50
4. Decrease in non-member clearing balances	0.99
5. Increase in reserve bank float	0.63
Total	46.61
Changes making for increase in member bank borrowing:	
1. Increase in member bank reserve balances	23.80
2. Funds lost through inter-district settlements for commercial and financial transactions	15.58
3. Increase in unexpended capital funds	1.47
4. Decrease in holdings of acceptances by Reserve bank (local transactions)	1.30
5. Sales of gold to industry	0.03
Total	42.18
Excess of changes making for decrease in member bank borrowing	4.43
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks)	4.43

MEMBER BANK CREDIT

Total loans and investments of reporting member banks on August 17 showed a decline of 26 millions from July 13; this decrease, however, was much less pronounced than that shown on July 13 in comparison with the corresponding reporting date in June, when a drop of 154 million dollars was recorded. Loans on securities showed a recession of 25 millions in the August 17-July 13 comparison, and all other (commercial) loans declined only one million, whereas in the previous comparison the latter had receded 30 million dollars. Investment holdings of reporting member banks on August 17 stood at the July 13 level; on the latter date they were more than 100 millions below June 15. Net demand deposits, which showed gains on the first two reporting dates in August, on August 17 declined 13 millions, however, and time deposits 14 millions from July 13; during the preceding period—June 15 to July 13—these decreases amounted to 138 and 56 million dollars, respectively, reflecting the heavy withdrawals from banks in Chicago the latter part of June. Total loans and investments of reporting member banks on August 17 were slightly less than 800 millions below August 19, 1931, though this comparison is somewhat more favorable than the 832 million decline shown on July 13 as against July 15, 1931. Net demand deposits on August 17 showed a slightly smaller decline from the preceding year than was shown July 13, whereas the decrease in time deposits slightly exceeded the decline from last year shown on that date.

Customers' commercial loans in Chicago during the week ended August 15 carried a rate of $4\frac{1}{4}$ to 5 per cent, as against a range of 4 to 5 per cent during the corresponding week of July. The average rate earned on loans and discounts during the calendar month of July was reported as 4.54 by Chicago banks, a drop of but one point from the 4.55 per cent in June. In July 1931 this figure was 4.42 per cent. In Detroit, customers' commercial loans during the week ended August 15 were reported as $5\frac{1}{2}$ to 6 per cent, or the same as in July.

Although dealer sales of commercial paper in the Mid-

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	JULY 1932	JUNE 1932	JULY 1931
Chicago	\$1,894	-11.2	-38.7
Detroit, Milwaukee, and Indianapolis	838	-4.8	-27.8
Total four larger cities	\$2,732	-9.4	-35.8
32 smaller centers	482	-1.7	-36.7
Total 36 centers	\$3,214	-8.3	-35.9

dle West showed an expansion of 69 per cent in July over the limited volume of June, they fell 85 per cent below the 1923-31 average for the month owing to continued restricted borrowing and light demand. Selling rates ranged from $1\frac{3}{4}$ to $2\frac{1}{4}$ per cent for prime paper and from $2\frac{1}{2}$ to 3 per cent for less well-known obligations; the bulk of transactions took place at $2\frac{1}{4}$ to $2\frac{1}{2}$ per cent. Outstandings were further reduced on July 30. Coincident with an irregular demand, sales during the first half of August declined 12 per cent as compared with the corresponding weeks of July. Most of the firms reported August 15 quotations within the range of 2 to $2\frac{1}{2}$ per cent.

Local purchases of acceptances by dealers in the Chicago bill market declined in the four weeks ended August 10 to an almost negligible quantity. A reduction also took place in receipts from Eastern centers, so that supplies aggregated 43 per cent lighter than for June 16 to July 13 and were 90 per cent below the level of a year ago. Inasmuch as demand remained sufficient to absorb current offerings, dealers were unable to accumulate any bills in portfolios. Selling rates were unchanged from the preceding period.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

July 14 to August 10, 1932

PER CENT CHANGE IN COMPARISON WITH PERIOD FROM JUNE 16 TO JULY 13 1932 JULY 16 TO AUGUST 12 1931

Bills purchased	-86.6	-97.9
Bills sold	-29.6	-86.9
Holdings*

*Holdings nil on August 10, 1932.

New financing by means of bankers' acceptances showed only a moderate expansion in the Seventh district during July. On the other hand, the direct discounting of these obligations by accepting banks—plus a repurchase of some bills sold in earlier months—increased 68 per cent over June and was heavier than a year ago. A further gain in purchases of other banks' bills was recorded, but this class of business totaled less than one-third the volume of last July. Sales fell off sharply from the high level of June to \$1,800,000, an amount less than for any previous month since September 1928. However, the acceptance portfolios of reporting banks gained only 27 per cent over June 30, inasmuch as a large volume of bills matured during the period. The liability for outstanding acceptances continued to decline. During the first half of August, new financing increased 90 per cent as compared with the corresponding weeks of July. This gain mainly reflected seasonal borrowing to finance the movement of grain; furthermore, a greater number of industries were making use of acceptance credits than had been the case for several recent months.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN JULY 1932 FROM	
	JUNE 1932	JULY 1931
Total value of bills accepted	+8.4	-21.2
Purchases (including own bills discounted)	+56.6	-29.6
Sales	-91.3	-66.1
Holdings*	+27.2	-31.6
Liability for outstandings*	-4.3	-35.6

*At end of month.

SECURITY MARKETS

Demand for investment securities in the Chicago bond market during July improved considerably over the previous few months. During the latter half of the month and the first two weeks in August the movement became more pronounced, and prices advanced quite steadily. Outstanding issues reflecting buying interest and higher

prices included second grade rails, public utilities, oils, and certain industrials. Some United States Government issues established new highs for the year during the period. According to some investment houses reporting market conditions, an increasing number of private investors have taken an interest in the market for the first time in several months. Prices on the Chicago Stock Exchange, after touching new low levels for the year the latter part of June, trended upward during July and the first half of August. The average price of twenty leading stocks * amounted to \$23.03 on August 16, as compared with \$16.37 on July 16.

* Chicago Journal of Commerce.

Federal Reserve Bank Loans to Individuals, Partnerships, and Corporations

The Emergency Relief and Construction Act of 1932 amends section 13 of the Federal Reserve Act as follows:

"In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this Act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this Act when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or a partnership or corporation the Federal reserve bank shall obtain evidence that such individual, partnership, or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals, partnerships, or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe."

It should be noted that under this amendment, Federal Reserve banks can rediscount only paper "of the kinds and maturities made eligible for discount for member banks" under other provisions of the Act, and that, furthermore, such paper must be "indorsed and otherwise secured to the satisfaction of the Federal reserve bank."

Agricultural Products

Corn in the Seventh district suffered some deterioration during July and the first week in August because of ex-

tremely high temperatures, but the situation was later changed to such an extent by timely rains and cooler weather that mid-month found the crop (except in a few localities) in good to excellent condition. Most fields had reached the roasting-ear stage and some of the earliest varieties were already denting. Prospects, therefore, continued to point to a production considerably in excess of the average for the preceding five years. With threshing of small grain about half completed, early returns showed slightly better results for oats than was expected and verified forecasts of the smallest wheat harvest in the district since 1928. Barley and rye are of low quality this year. Farmers are harvesting a rather heavy crop of tomatoes and a light production of mint. Pastures and garden truck have improved in recent weeks; moreover, sugar beets, potatoes, and other autumn crops are in good condition. Plowing in anticipation of fall seeding operations has begun. The United States Bureau of Agricultural Economics estimated that the number of cattle on feed has increased over a year ago in Indiana, Illinois, and Michigan, but has decreased in Iowa, Wisconsin, and the Corn Belt as a whole. A few outbreaks of hog cholera are reported in the Seventh district.

GRAIN MARKETING

Statistical changes in the wheat situation during July and early August were largely in favor of the selling side of the market, and after sharp weakness in prices near the middle of July, brought about a recovery which was retained in part to the middle of August. Among the constructive factors were a decline in the world visible supply, reduced world shipments, and Broomhall's estimate that Europe will probably require as much overseas wheat in 1932-33 as in 1931-32.

At interior markets in this country during July the wheat movement was less than half the five-year July average, and increased less than seasonally over the preceding month. Receipts increased 200 per cent over June, as compared with a five-year average gain of 291 per cent over the period, and shipments were only 47 per cent larger than a month previous, as against an average June to July increase of 107 per cent. The United States visible supply of 172,790,000 bushels on August 13, totaled about 51 million bushels less than on the corresponding date of last year, and also slightly below the 1930 figure for that date. This year the increase due to new crop receipts began on July 16 and amounted to only 8 million bushels between that date and August 13, while last year the upward trend began on July 1, and a 35 million bushel increase was recorded by August 15. Exports in the five weeks ending July 30 totaled less than one-third

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of August 1 Condition

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		AVERAGE
	1932 FORECAST	1931 FINAL	1932 FORECAST	1931 FINAL	
Corn.....	988,418	887,842	2,819,794	2,563,271	1924-28 2,625,063
Oats.....	514,706	469,972	1,214,733	1,112,037	1,277,127
Winter Wheat..	45,527	73,636	441,788	789,462	548,632
Spring Wheat..	3,358	3,623	280,899	104,742	280,044
Barley.....	56,055(a)	49,467(a)	302,808	198,185	218,868
Rye.....	8,189(a)	7,523(a)	42,453	32,514	44,081
Buckwheat....	815(a)	665(a)	7,176	8,938	11,792
Flaxseed.....	305(b)	250(b)	15,812	11,071	23,287
Potatoes (white)	54,500	50,418	367,399	375,518	361,115
Potatoes (sweet)	1,390(c)	1,476(c)	76,050	62,904	57,822
Apples					
(total crop)...	11,490(a)	25,382(a)	136,496	202,415	180,262
Peaches.....	2,169(d)	7,838(d)	46,126	76,586	56,821
Pears.....	959(d)	1,602(d)	22,149	23,346	21,484
Cherries*....	30(e)	29(e)	125	111	114
Grapes*.....	87(a)	74(a)	2,101	1,622	2,339
Dry Beans***.	3,726(f)	3,316(f)	9,645	12,713	
Tobacco**....	32,560	48,904	1,019,975	1,600,910	1,298,947
All Tame Hay*	12,705	11,939	67,390	64,213	73,759
Wild Hay*....	493(a)	429(a)	11,444	8,125	12,000
Broom Corn*..	5½(g)	8½(g)	43	44½	51
Onions.....	7,550(a)	3,395(a)	27,569	18,894	
Tomatoes for Canning*....	338(d)	251(d)	1,236	982	

*In thousands of tons. **In thousands of pounds. ***In thousands of 100-lb. bags. (a) Five states including the Seventh district. (b) Iowa, Wisconsin. (c) Illinois, Indiana, Iowa. (d) Illinois, Michigan, Indiana, Iowa. (e) Michigan, Wisconsin. (f) Michigan. (g) Illinois.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
July 1932.....	159	528	268	67
Federally Inspected Slaughter,				
United States				
July 1932.....	614	2,802	1,384	324
June 1932.....	638	3,320	1,529	394
July 1931.....	706	2,767	1,491	356

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	AUG. 20 1932	JULY 1932	JUNE 1932	JULY 1931
Native Beef Steers (average).....	\$8.00	\$7.95	\$6.65	\$7.80
Fat Cows and Heifers.....	5.25	5.35	4.85	6.05
Calves.....	6.10	5.85	5.75	8.00
Hogs (bulk of sales).....	4.25	4.65	3.50	6.30
Yearling Sheep.....	4.45	4.65	4.65	5.50
Lambs.....	5.45	5.90	5.80	7.05

those in the same period last year and considerably below the five-year average for the month. July exports were less than those in June, which is exceptional.

Corn receipts and shipments at primary centers increased over June, contrary to the seasonal trend, but totaled lower than in July of the previous five years. Oats receipts were higher in comparison with the preceding month, a year ago, and the five-year July average, while shipments were smaller than usual for July, though larger than a month previous. The visible supply of corn and oats continued larger than a year ago, the trend since July 1 this year being a reduction for corn compared with an increase in the same period of 1931, and a larger increase for oats than that which took place last year.

Wheat prices were lower in July, both cash and futures falling to new lows near the middle of the month, but subsequent recovery and reaction netted a slight gain at the middle of August over the first of July. Wheat has recently been nearer to a real export parity with Liverpool than in many months. Corn prices were more stable than wheat, as both cash and futures averaged equal to or slightly higher than in June and showed mild strength in the early part of August. Corn also came near to the export level, because of price advances at Buenos Aires. Oats declined in July and continued downward into August.

MOVEMENT OF LIVE STOCK

Cattle receipts at public stock yards in the United States increased in less than seasonal volume during July over the preceding month, and those of hogs and calves decreased more than is customary. Also, sheep marketings fell off from June—contrary to the usual tendency. A recession continued to be recorded from 1931 in the volume of each kind of live stock and, with the single exception of lambs, comparisons with the 1922-31 average remained unfavorable. However, the movement of hogs to inspected slaughtering establishments (inclusive of those receipts not passing through public yards) gained slightly over a year ago; that of cattle decreased from the preceding month. Shipments of both cattle and lambs to feed lots showed a smaller decline from the 1927-31 average than was evidenced in either May or June.

MEAT PACKING

The volume of production at slaughtering establishments in the United States was reduced $5\frac{1}{2}$ per cent in July from June, as compared with an average recession of $1\frac{1}{2}$ per cent, and totaled not only $5\frac{1}{2}$ per cent less than a year ago but also 15 per cent smaller than the 1922-31 average for the month. Although payrolls at the close of the period failed to reflect a corresponding change in employment from June, they showed that wage payments had declined $1\frac{1}{2}$ per cent despite an increase of one per cent in hours worked. In contrast to these recessions, sales recorded the first expansion since last October and made a more favorable comparison with 1931 than during earlier months of this year. The value of sales billed to domestic and foreign customers aggregated $4\frac{1}{2}$ per cent greater in July than in the preceding period and was 30 per cent less than last year. This improvement mainly reflected the recent advance which has taken place in the prices of most packing-house commodities; the tonnage sold decreased 4 per cent from June and $2\frac{1}{2}$ per cent from a year ago. Inventories of these products in the United States showed a 54,000,000-pound greater decrease from July 1 than in the 1927-31 August 1 average and totaled 200,000,000 pounds lighter than this average.

Shipments for export were greatly reduced in July, as a consequence of a continuance of restrictions on dollar exchange and because of the decrease in United States production. German importers, anticipating an advance in import duties, bought rather heavily from stocks of American lard already landed. British trade in the commodity, on the other hand, was not so good as in June. Aside from a fair amount of trading in hams and picnics that took place in the United Kingdom early in the month, demand for United States meats remained exceptionally light. Continental quotations for lard were in line with those of Chicago, but prices of the commodity in the United Kingdom were below United States parity. Quotations for most meats were unattractive to American exporters. United States concerns report somewhat smaller inventories in foreign countries (inclusive of stocks in transit) than at the beginning of July.

DAIRY PRODUCTS

Creamery butter manufacturing in the Seventh Federal Reserve district decreased 16 per cent in July, or more than a seasonal amount from a month earlier, to a level 4 per cent under a year ago and 18 per cent below the 1923-31 average. Moreover, the sales tonnage fell off $18\frac{1}{2}$, $7\frac{1}{2}$, and 18 per cent in the respective comparisons. United States production of the commodity also declined from June but totaled slightly in excess of last year. Consumption remained relatively heavy, so that inventories of creamery butter in the United States increased only 26,000,000 pounds on August 1 over the beginning of July, the average gain being 46,000,000 pounds. Current holdings, as a consequence, totaled 25,000,000 pounds less than the 1927-31 average. Prices continued to advance.

During the four weeks ended July 30, the Wisconsin production of American cheese was reduced 21 per cent from the preceding period and 15 per cent from the same period of 1931. Distribution, however, expanded 8 per cent, thus reaching the level of manufacturing operations—an unusual development at this season—and aggregated only $5\frac{1}{2}$ per cent less than a year ago. The total stock of cheese in the United States increased but half the usual amount over July 1 and showed a greater recession from last year and the 1927-31 average than had been evidenced during any previous month of 1932. Quotations trended upward.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JULY 15, 1932			CHANGE FROM JUNE 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	714	106,992	1,558	-12.4	-21.3
Vehicles.....	150	180,772	4,057	-1.8	-2.9
Textiles and Products.....	139	25,005	272	-2.0	-14.9
Food and Products.....	346	56,671	1,133	+3.3	-1.8
Stone, Clay, and Glass.....	142	6,621	117	-4.8	-13.4
Wood Products.....	261	18,209	199	-8.9	-16.8
Chemical Products.....	103	12,405	259	-5.3	-10.4
Leather Products.....	71	14,077	190	+0.2	+1.0
Rubber Products ²	7	5,421	97	-6.0	-36.5
Paper and Printing.....	292	38,072	852	+0.3	-6.8
Total Mfg., 10 Groups....	2,225	464,245	8,734	-4.2	-8.5
Merchandising ³	160	26,659	557	-3.1	-7.4
Public Utilities.....	71	81,541	2,348	-1.0	-6.5
Coal Mining.....	12	378	6	+7.7	+13.9
Construction.....	334	9,845	205	-7.1	-5.9
Total Non-Mfg., 4 Groups.	577	118,423	3,116	-2.0	-6.6
Total, 14 Groups.....	2,802	582,668	11,850	-3.8	-8.0

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

Industrial Employment Conditions

The downward trend of Seventh district employment and payrolls continued from June 15 to July 15 with more than seasonal sharpness, as the losses of nearly 4 per cent in number of men and 8 per cent in wage payments were greater than those for July of any year in our records, with the exception of 1931 when the losses amounted to slightly over 4 per cent in number employed and 11½ per cent in their earnings. Normal seasonal factors, such as vacations, summer inventories, and the July 4 holiday no doubt contributed largely to the contraction in the totals, yet the size of the decline in comparison with previous years indicates that non-seasonal curtailment of industrial operations was also a factor.

The losses registered by manufacturing industry, as in the preceding month, exceeded those for non-manufacturing. The degree to which aggregate factory payrolls have fallen as a result of lay-offs, part-time operations, and wage reductions is shown by declines of 24 per cent since the fifteenth of last January, 38 per cent from a year ago, and 65 per cent from the 1925-27 average. All manufacturing groups except vehicles, leather, and rubber products reached new low points in aggregate payrolls on July 15.

Only two groups, leather products and coal mining, gained in both employment and wage payments. The gains registered in coal mining are without significance in view of the fact that the 12 mines reporting had only 378 employees. The wage controversy remained unsettled at the time of the reports and most mines were idle. Two other groups, food products and paper and printing, had more employees but paid out less in wages. The remaining groups recorded losses ranging from 12 per cent in employment and 21 per cent in payrolls for the metal products group to 2 per cent and 3 per cent, respectively, for vehicles. Five groups reduced employment by more than 5 per cent—metals, wood, rubber, chemicals, and construction; the first four of those named and, in addition, the stone-clay-glass and textiles groups had reductions of more than 10 per cent in total wage payments.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Further seasonal recession took place during July in United States production of automobiles. Passenger car output, totaling 94,678 in number for the month, fell 41 per cent below the June figure, while truck production, amounting to 16,434 vehicles, was 28 per cent less than in the preceding month. As compared with last

July, declines of 49 and 52 per cent were recorded in passenger car and truck output, respectively.

The reversal of a rising trend which had extended from January through June, appeared during July in midwest sales of automobiles at retail. Sales dropped 45 per cent from those of June and were close to 60 per cent below those a year ago, in contrast to a comparatively small decline shown in the latter comparison a month previous. Wholesale distribution of automobiles declined 24 per cent in number during July from the preceding month, while the value of these sales fell off 38 per cent, the smaller recession in number being due to increased distribution of new models of certain lower-priced cars, which to some extent offset a slowing-up in sales of higher-priced makes. Used car sales also dropped in July, in sympathy with the decline in new car sales. Stocks of both new and used cars continue to remain at extremely low levels. Deferred payment sales constituted 54 per cent of the total July retail sales of dealers reporting the item, as compared with a ratio of 49 per cent a month previous and with 60 per cent a year ago.

IRON AND STEEL PRODUCTS

Although extreme dullness continued to characterize conditions in the steel industry during July and by the end of the month the rate of steel ingot output in the Chicago district had dropped to less than 10 per cent of capacity, the early weeks of August witnessed a slight rise in operations and a moderate increase in orders from some sources. Prices of finished steel have firmly maintained levels established in the spring, and toward the end of July a perceptible advance was noted in prices of scrap iron and steel, which upward tendency continued through the middle of August.

Activity at casting foundries continued to fall off in July, the tonnage of malleable castings shipped by reporting firms declining 40 per cent from the preceding month and production 36 per cent, while the number of tons shipped by steel casting foundries was reduced 9 per cent and production 18 per cent; orders booked for malleable castings dropped 18 per cent and those for steel castings more than 20 per cent. Activity in both steel and malleable castings was less than two-fifths that of a year ago. Shipments by reporting stove and furnace manufacturers totaled 25 per cent smaller in July than a month previous and were 53 per cent below those of last July; new orders were less by 27 and 61 per cent in the respective comparisons.

FURNITURE

Seventh district furniture manufacturers reporting to

LUMBER AND BUILDING MATERIALS TRADE

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1932	JULY 1931	
New Cars			
Wholesale—			
Number Sold.....	-24.3	-67.1	15
Value.....	-37.7	-73.2	15
Retail—			
Number Sold.....	-45.3	-55.5	42
Value.....	-44.9	-58.6	42
On Hand July 30—			
Number.....	-4.2	-39.8	42
Value.....	-8.8	-49.7	42
Used Cars			
Number Sold.....	-18.8	-19.9	42
Salable on Hand—			
Number.....	-16.5	-15.5	42
Value.....	-17.1	-19.5	42

CLASS OF TRADE	JULY 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JUNE 1932	JULY 1931	
Wholesale Lumber:			
Sales in Dollars.....	-19.2	-48.2	14
Sales in Board Feet.....	-11.7	-29.9	12
Accounts Outstanding ¹	-13.2	-31.3	12
Retail Building Materials:			
Total Sales in Dollars.....	-12.7	-40.4	188
Lumber Sales in Dollars.....	-8.6	-40.8	38
Lumber Sales in Board Feet.....	-6.3	-43.2	87
Accounts Outstanding ¹	-3.4	-23.9	180
Ratio of accounts outstanding ¹ to dollar sales during month			
	JULY 1932	JUNE 1932	JULY 1931
Wholesale Trade.....	247.0	231.1	189.2
Retail Trade.....	463.2	423.4	374.2

¹End of Month.

this bank recorded marked acceleration in bookings during July, the total of new orders for the month expanding approximately 53 per cent over the June aggregate. This gain was in line with those experienced in recent years—the year 1931 excepted, when the mid-year peak of orders booked was in June, owing to the pushing ahead by one month of the summer furniture showing. Orders booked this July are not strictly comparable, therefore, with those of July a year ago, and the decline of 42 per cent in the comparison is accordingly somewhat smaller than might otherwise be expected. Shipments were slightly less in July than in the preceding month and cancellations were very light, resulting—in conjunction with the large increase in orders booked—in a 42 per cent gain during the month in unfilled orders outstanding which on July 31 were in a ratio of 98 per cent to current orders booked, or 6 points under the ratio of a month previous. The rate of operations continued low during July, the ratio to capacity approximating 25 per cent, which compares with a ratio of 24 per cent obtaining in June and of 42 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Operations of Seventh district shoe manufacturing establishments showed a much greater than seasonal decline in July, dropping 25 per cent from June, following the expansion in that month, to a point below any other month on our records (January 1923). Leather production and sales also fell off from the preceding period and a year ago. Quotations tended to firm.

Chicago trading in calf and kip skins continued in limited volume during July, but sales of packer green hides increased. Heavier purchases than in June likewise were reported by district tanneries. On the other hand, shipments of hides and skins from Chicago totaled less than in the preceding month. Prices advanced.

Building Materials, Construction Work

Greater-than-seasonal losses in July characterized all lines of building materials in the Seventh district for which this bank compiles data, with the exception of cement which continued the moderate seasonal expansion of several previous months.

Lumber at wholesale registered a loss of 19 per cent from June in dollar sales and of 12 per cent in board feet. The usual seasonal decline in dollar sales, as shown by the five-year average, amounts to about 10 per cent between June and July. The value of lumber sold was 48 per cent and the volume 30 per cent below that of July 1931. At retail yards the dollar value of all materials sold amounted to 13 per cent less than in June, against a five-year average decline of 8 per cent. Dollar sales of lumber at retail were down 9 per cent from a month previous, as compared with a similar drop for the same month of 1931, while board-foot sales lost 6 per cent in comparison with only a 2 per cent decline between June and July last year.

WHOLESALE TRADE IN JULY 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-35.5	-23.6	-12.6	-31.0	123.0
Hardware.....	-40.9	-14.0	-17.1	-25.2	345.5
Dry Goods.....	-41.6	-37.1	-27.0	-41.1	460.7
Drugs.....	-33.5	-20.1	-1.4	-23.7	257.0
Shoes.....	-53.4	-28.1	-54.5	-36.1	324.4
Electrical Supplies.....	-52.1	-28.4	-25.7	-47.8	241.5

No important change was indicated in prices, and stocks were further reduced at both wholesale and retail yards. Also, in both classes of yards, the accounts-sales ratio was higher on July 31 than a month earlier, as accounts outstanding dropped less sharply than did dollar sales.

Clay products manufacturers reported demand for brick and tile in July as being the lightest for that month in many years, and at some plants shipments fell below the June volume. Stocks are being controlled, however, by the generally restricted operations. Department of Commerce figures on cement distribution in the five states of the Seventh district showed a decline for the first six months of 1932 of 44 per cent from the same period of 1931, and for the month of June (the latest figures available) a loss of 39 per cent from a year earlier was recorded, together with a seasonal gain of 37 per cent over May. July statistics for midwestern mills show that cement shipments expanded 10 per cent over June, while production increased only 2½ per cent and stocks were reduced 11 per cent to the lowest point since November 1931. Compared with a year ago, both shipments and production continued very low. Cement prices firmed somewhat from the earlier depressed levels.

BUILDING CONSTRUCTION

Construction activity in the Seventh Federal Reserve district during July declined to the lowest level this year since January, according to building contracts awarded. Of the total volume of awards, amounting to only 16 million dollars, 12 per cent was for residential contracts, which likewise registered a decline.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
July 1932.....	\$16,083,054	\$1,940,763
Change from June 1932.....	-12%	-33%
Change from July 1931.....	-60%	-66%
First seven months of 1932.....	\$126,780,108	\$16,975,095
Change from same period 1931.....	-57%	-72%

*Data furnished by F. W. Dodge Corporation.

Estimated cost of proposed construction, as reflected by building permits issued in 102 cities of the Seventh district, gained 10 per cent during July as compared with a month previous. The expansion was entirely due, however, to increases in the cities of Chicago, Milwaukee, and Des Moines, inasmuch as Detroit, Indianapolis, and the total for 97 smaller cities showed substantial declines. The total value of permits was 63 per cent below the year-ago figure, and the number issued dropped 16 and 43 per cent in the monthly and yearly comparison, respectively. Milwaukee and Des Moines were the exceptions to district trend in the comparison with last July, both showing gains in estimated cost.

DEPARTMENT STORE TRADE IN JULY 1932

LOCALITY	PER CENT CHANGE JULY 1932 FROM JULY 1931		PER CENT CHANGE FIRST SEVEN MONTHS 1932 FROM SAME PERIOD 1931		RATIO OF JULY COL- LECTIONS TO ACCOUNTS OUTSTANDING JUNE 30	
	NET SALES	STOCKS END OF MONTH	NET SALES		1932	1931
Chicago.....	-32.7	-31.3	-28.5		22.0	26.6
Detroit.....	-27.9	-20.7	-24.4		27.6	29.8
Indianapolis.....	-28.6	-22.9	-22.0		34.7	38.6
Milwaukee.....	-36.2	-24.4	-26.3		30.6	34.7
Other Cities.....	-33.6	-20.8	-27.6		26.4	30.2
7th District.....	-31.9	-26.4	-26.8		27.0	30.5

Merchandising

Recession in the distribution of commodities was considerably greater than seasonal in July, although the one less trading day than in either the preceding month or July a year ago was partly responsible for the heaviness of the declines. Banking and other local disturbances in certain sections were also assigned by reporting firms as reasons for the curtailed volume of business.

In wholesale groups, grocery sales dropped 17 per cent from June, hardware, 35 per cent; dry goods, 24 per cent; drugs, 16 per cent; shoes, 34 per cent; and electrical supplies, 15½ per cent. In the average for the previous nine years, declines were recorded as follows: groceries, 3 per cent; hardware, 7 per cent; dry goods, 4 per cent; drugs, 3 per cent; shoes, 17 per cent; and electrical supplies, 5 per cent. The extent of the current recessions caused comparisons with a year ago to be more unfavorable in practically all lines than has been previously recorded. As a consequence, grocery sales for the first seven months of 1932 totaled 22 per cent smaller than in the corresponding period of 1931, hardware sales were 27 per cent less, dry goods 33, drugs 22, shoes 43, and electrical supplies 44 per cent smaller. Collections in July, as reflected in ratios of accounts receivable to current sales, were slower, the ratios being much higher in the majority of groups than a month previous. Prices are reported as steadier, with a slight upward revision in some commodities.

Department store trade in the district fell off 33½ per cent in July from the preceding month, as against a decline of less than 25 per cent in the ten-year average for the month, and dropped to 32 per cent below the corre-

sponding month last year; daily average sales showed decreases of 32 and 30 per cent in the respective comparisons. Detroit stores experienced the heaviest recession from June among the larger cities, the decline amounting to 35½ per cent, while Milwaukee stores showed the smallest with 29 per cent; Indianapolis sales were 35 per cent less, those in Chicago declined 33½ per cent, and the total for other cities was 33 per cent smaller. Comparisons with a year ago may be noted in the table. Stocks receded moderately further in July, and at the end of the month were 26 per cent lighter than on the same date last year.

Following several months of expansion, the retail shoe trade fell off sharply in July, the decline of 49 per cent from June, as reported by dealers and department stores, comparing with an average recession for the period of 28 per cent. This heavy drop in sales reduced them to 37 per cent below the corresponding month a year ago, while the cumulative total for the first seven months of 1932 was 25 per cent under the same period of 1931. A reduction of 15 per cent in stocks on hand July 30 from a month previous brought them to that per cent below the same date last year.

The decrease of 30 per cent from the preceding month in the retail furniture trade likewise was much greater than usual for the month, the average decline for the previous five years amounting to only 16 per cent, and the 40 per cent decline from a year ago was the heaviest so far reported in this comparison. Installment sales by dealers declined 30 and 41 per cent from a month and a year previous, respectively. Stocks were reduced further and totaled 21 per cent smaller than on July 31, 1931.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	July 1932	June 1932	May 1932	Apr. 1932	Mar. 1932	Feb. 1932	July 1931	June 1931	May 1931	Apr. 1931	Mar. 1931	Feb. 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	52	50	51	52	53	53	76	75	77	78	79	78
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	14	9	11	13	13	17	15	26	29	38	39	44	40
In Tons.....	14	9	10	13	13	17	14	24	27	39	37	42	41
Malleable—In Dollars.....	21	7	11	12	13	17	16	21	26	31	34	34	30
In Tons.....	21	12	19	21	23	30	28	34	42	51	54	53	47
Stoves and Furnaces—													
Shipments (in dollars).....	11	31	43	51	54	53	43	63	65	84	94	77	69
Furniture—													
Orders (in dollars).....	18	21	13	19	26	32	29	35	56	39	49	61	56
Shipments (in dollars).....	18	15	15	23	28	37	32	42	33	47	59	64	57
Flour—													
Production (in bbls.).....	25	106	111	104	109	110	96	114	90	89	95	95	95
Output of Butter by Creameries—													
Production.....	67	118	141	141	102	96	93	122	153	146	108	91	82
Sales.....	69	106	130	113	95	97	93	115	140	117	102	91	88
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	59	71	66	68	70	61	92	84	81	84	83	74
Hardware.....	12	35	54	50	52	40	32	59	65	64	73	56	41
Dry Goods.....	9	22	29	32	34	35	34	38	46	51	55	51	41
Drugs.....	13	52	66	64	67	72	67	78	83	79	87	85	81
Shoes.....	6	24	33	34	31	35	29	48	54	60	68	63	44
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	40	59	60	63	62	54	58	84	83	94	83	74
Detroit.....	5	51	78	86	89	80	75	71	101	109	126	109	95
Indianapolis.....	5	44	67	67	75	70	60	61	87	93	94	88	68
Milwaukee.....	5	48	67	71	81	72	61	75	95	99	112	93	75
Other Cities.....	45	38	56	59	67	61	53	57	80	86	95	78	67
Seventh District.....	83	42	63	66	71	66	59	62	88	90	101	88	76
Automobile Production (U. S.)—													
Passenger Cars.....	32	55	54	41	34	32	32	63	72	93	98	79	62
Trucks.....	44	60	70	73	52	62	62	91	107	121	133	120	105
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	7	10	10	9	8	10	10	20	26	30	36	52	23
Total.....	24	27	36	24	31	26	26	59	55	61	67	101	42
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	26	29	30	32	37	40	40	50	61	76	86	84	78
United States.....	19	21	26	29	32	34	34	48	56	66	69	67	62
Steel Ingot Production—(U. S.)*.....	24	26	32	36	39	44	44	55	61	74	80	88	80
Unfilled Orders U. S. Steel Corp.....	41	43	46	49	52	53	53	71	73	76	82	84	83

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial output declined seasonally from June to July, while factory employment and payrolls decreased by more than the usual seasonal amount. In July, the general level of wholesale prices was about one per cent higher than in June, and in the first half of August, prices of many leading commodities advanced considerably. Reserve bank credit declined somewhat in the four weeks ending August 17, reflecting chiefly a substantial growth in the country's stock of monetary gold.

PRODUCTION AND EMPLOYMENT

Industrial production declined by about the usual seasonal amount in July, and the Board's index, which is adjusted to allow for the usual seasonal variations, remained unchanged at 59 per cent of the 1923-1925 average. Activity decreased seasonally in the steel industry; by slightly more than the usual seasonal amount in the lumber, cement, newsprint, and meat packing industries; and by substantially more than the seasonal amount in the automobile and lead industries. Output of shoes, which ordinarily increases in July, declined. At woolen mills activity increased by a substantial amount, and at silk mills there was a seasonal increase in production. Activity at cotton mills decreased, as is usual in July, while sales of cotton cloth by manufacturers increased considerably. Output of coal increased from the low level prevailing in June.

Reports on the volume of factory employment and payrolls showed substantial declines from the middle of June to the middle of July. In the machinery, women's clothing, and hosiery industries, and at railroad repair shops, the number employed decreased by considerably more than the usual seasonal amount, and at shoe factories the increase reported was smaller than usual. In the woolen goods industry a substantial increase in employment was reported.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued at a low level during July and the first half of August.

Prospects for many leading crops, including corn, spring wheat, potatoes, and tobacco, were reduced somewhat during July, according to the Department of Agriculture. The estimated total wheat crop, based on August 1 conditions, is 723,000,000 bushels, a decrease of about 175,000,000 bushels from last year's large crop, reflecting a reduction of 350,000,000 bushels in the winter wheat crop, offset in part by an estimated increase of 175,000,000 in the spring wheat crop. The first official cotton estimate, as of August 1, was 11,300,000 bales, as compared with crops of 17,100,000 last season and 13,900,000 the year before. The indicated production of corn is 2,820,000,000 bushels, substantially larger than the crops of the last two seasons and slightly larger than the five-year average.

DISTRIBUTION

Volume of freight traffic decreased somewhat from June to July, and value of department store sales was substantially reduced.

WHOLESALE PRICES

The general level of wholesale prices, as measured by the monthly index of the Bureau of Labor Statistics, advanced from 63.9 per cent of the 1926 average in June to 64.5 per cent in July.

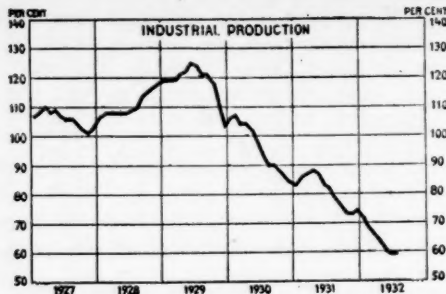
Between the middle of July and the third week of August, prices of live stock and meats, which had previously advanced considerably, declined somewhat, while price increases were reported for many other leading commodities, including wheat, textile raw materials and finished products, nonferrous metals, hides, sugar, coffee, and rubber.

BANK CREDIT

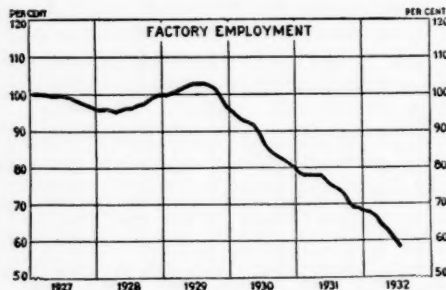
The total volume of reserve bank credit outstanding, which had increased by \$850,000,000 between the end of March and the third week of July, declined by \$95,000,000 in the four weeks to August 17, and in the same period member banks increased their reserve balances by \$45,000,000. These changes reflected chiefly the addition of \$95,000,000 to the country's stock of monetary gold and an inflow to the banks of \$30,000,000 in currency.

Total loans and investments of reporting member banks in leading cities were \$250,000,000 larger on August 17 than four weeks earlier. Total loans of these banks continued to decline throughout the period, while their investments increased substantially, reflecting an increase in holdings of United States Government securities in connection with Treasury financing operations. Time deposits increased by \$95,000,000 and net demand deposits by \$85,000,000.

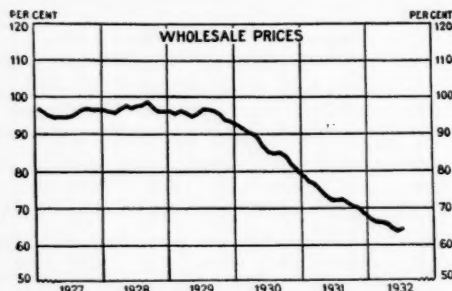
Money rates in the open market remained at low levels. Successive reductions brought the prevailing rates on prime commercial paper to a range of 2-2¼ per cent in the first part of August.



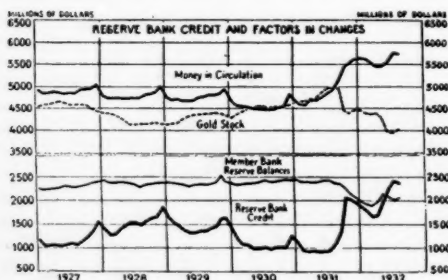
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



Federal Reserve Board's index of factory employment, with adjustment for seasonal variation (1923-25 average = 100).



Index of United States Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures. Latest figures, averages of first 21 days in August 1932.

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